

Funding Subcommittee

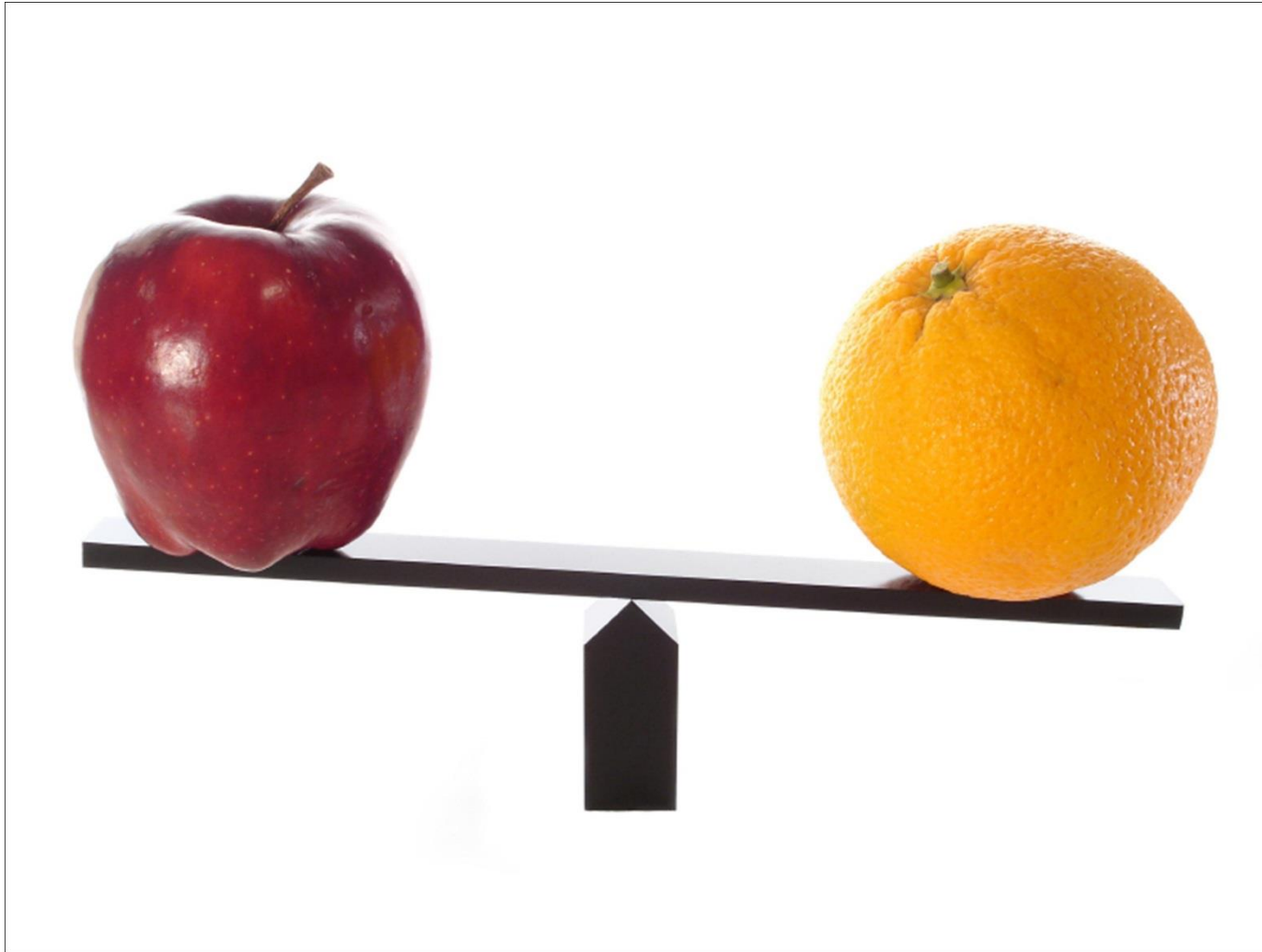
Indiana Bicycle Trails Task Force



Ranking Sheets

- ▶ Rank 1-11 and then 1-5
- ▶ 1 is highest number
- ▶ You may also choose to put an X- saying it's not worthy of pursuing
- ▶ Factors to consider include:
 - ▶ Feasibility
 - ▶ Amount Yielded
 - ▶ Ability to Impact Trail System
 - ▶ How Palatable It Is
- ▶ Complete your ranking sheet at the end and we'll tally immediately
- ▶ These will be used for our discussion and to form our final list of recommendations to take to the task force

Disclaimer!



Potential Trail Funding Sources

- ▶ Public-Private Partnership (incentivize)
- ▶ Sporting Good Sales Tax (tap into)
- ▶ State Gas Tax (tap into)
- ▶ Real Estate Transfer Tax (new)
- ▶ Sin Tax (new)
- ▶ General Appropriations
- ▶ Utility Easements/Leases
- ▶ Waste Tire Fee
- ▶ Tipping Fee/ Environmental Penalties
- ▶ Cigarette Tax Increase
- ▶ User Fees

Public-Private Partnership



INDIANAPOLIS **CULTURAL**
TRAIL
A Legacy of Gene & Marilyn Glick

Public-Private Partnership

- ▶ Already being used in Indiana, so not truly an “innovative” funding source
- ▶ Although some high profile trails have successfully utilized private monies, this method only has a mild success rate in Indiana
- ▶ Typically not sustainable or regular amount, hard to plan on
- ▶ Trails are competing for private money with several other causes/initiatives
- ▶ How do we incentive more private money for public-private partnerships
 - ▶ Tax write-offs or credits
 - ▶ Naming rights or marketing
 - ▶ Other?

Sporting Good Sales Tax



Sporting Good Sales Tax

- ▶ NOT a new tax
- ▶ Earmarks % of existing sales tax on certain items to support their recreation
- ▶ Currently being done in Texas & Virginia for trails, parks, etc.
 - ▶ Qualifying items: camping gear, fishing & hunting supplies, golf clubs, bikes, etc.
- ▶ 17.4 million bicycles were sold in the U.S. in 2015
 - ▶ This does not include helmets, parts, etc.
 - ▶ Using both avg. and % of US population, estimated 348,000 bikes/year in Indiana
 - ▶ Most bikes sold are for kids & from box store, this mean avg. sale is around \$100
- ▶ 348,000 bikes X \$100 average cost of bike X 7% sales tax= **\$2.43 Million/ yr**

State Gas Tax



State Gas Tax-Option A

- ▶ Not a new tax, but a percentage of the existing state gas tax based on some ORV and snowmobile use, who do not use roads, but purchase gas
- ▶ Done in several states (ND,SD, WA, WI, MI ,ID, MN, OR, VT, UT, MO)
- ▶ Similar to or exactly mirroring federal RTP program
- ▶ 30% of money would go to motorized trails, rest could be used for non-motorized trail projects
- ▶ Current Federal RTP rate x \$0.29 state gas tax = \$1.93 million/year
- ▶ ~70,000 registered ORVs & snowmobiles x 40 gallons (low end SD) x \$0.29 state gas tax= \$ 812,000/ year
- ▶ Can also be a set percentage, like 0.5 to 1%) or total state gas tax revenue

State Gas Tax-Option B

- ▶ Some states, such as Tennessee, dedicate a small percentage of (1 or 2%) of the State Gas Tax to bicycle & pedestrian projects, including trails
- ▶ Other states, like Pennsylvania, dedicate a flat amount (\$2 million) from their state gas tax revenue for bicycle & pedestrian projects
- ▶ This is somewhat similar to the federal Transportation Alternatives program
- ▶ Indiana is anticipated to collect \$1.2 billion in state gas tax by 2024, so roughly around \$200 million per year
- ▶ Dedicating 1% would \$2 million and 2% would be \$4 million for bike/ped projects, including trails
- ▶ INDOT would have to be willing to do this
 - ▶ Public support might be critical in this decision

Real Estate Transfer Tax

- ▶ Typically only a portion of the real estate transfer tax goes to outdoor recreation and conservation, including trails
- ▶ Often paired with other quality of life initiatives
- ▶ States using for outdoor recreation/parks/trails include: VT, NC, AR, MA, NY, PA, WV, MD, TN, FL,
- ▶ Indiana is one of 11 states that does NOT have a real estate transfer tax
- ▶ Amounts typically range from \$1-3 per \$1,000 in value, although some states have exclusions for what qualifies (ex. \$200-\$600 for \$200,000k property)
- ▶ In Arkansas, it funds roughly \$9 million in outdoor recreation projects a year, however this includes state & local parks, in addition to trails
- ▶ Would have to go through legislature
- ▶ Realtors Association and others might be against this
- ▶ Opportunity to pair with other initiatives needing funding

Sin Tax

- ▶ Taxes, earmarked for good cause, can make undesirable behavior more palatable
- ▶ Opportunity to partner with other interests/groups since it can be a large amount
- ▶ Sports Betting Tax
 - ▶ Still needs to be passed in Indiana, will probably go to legislature this spring
 - ▶ Several other groups/interests are also interested in this tax
 - ▶ Unknown how much it would bring in, but could be significant
- ▶ Marijuana Tax
 - ▶ Currently not legal, but might be in future
 - ▶ Again competing against other interests
 - ▶ Colorado's tax brings in over \$118 million

General Appropriations

- ▶ Amount varies
- ▶ Not sustainable, often one time or a few years
- ▶ Usually for a specific project
- ▶ In 2006, Governor Daniels allocated \$20 million for State Trails Program
 - ▶ Benefited 28 trail projects, built 104 miles of trail + acquired land for future trails
- ▶ New York's Legislature gave \$200 million for Empire State Trail in 2018

Utility Easements/Leases

- ▶ Examples: phone, electric, water, sewer, fiber optic, & cell tower
- ▶ Some are below ground and others need air easements
- ▶ AT&T pays \$7,000/mile to run fiber optic cable in Northern VA
- ▶ Some cell towers pay around \$150,000 per year
- ▶ Would be dependent on local utility needs, trail manager, & compatibility with trail development
- ▶ Seems to be a better fit for local funding option rather than state
- ▶ Amount seems best suited for maintenance, maybe some trail development

Waste Tire Fee

- ▶ Currently, there is \$0.25 fee on each tire bought in the State of Indiana
- ▶ The money collected is administered by IDEM to develop and advance the management of waste tires (clean-ups, recycling options, etc.)
- ▶ Report in 2011 shows the fee brought in \$1.3 million
- ▶ Fee typically brings in \$1.3-2.3 million per year
- ▶ Last known grants & clean-up were done in 2009
- ▶ Would IDEM be willing to part with funds?
- ▶ Will legislature be willing to change intended use of funds?

Tipping Fee/Environmental Penalties



Cigarette Tax Increase

- ▶ Currently Indiana's cigarette tax is \$1 per pack (20) + regular sales tax
- ▶ A bill suggesting the a tax hike of \$1.50- 2 was introduced this year
- ▶ Overall cigarette use is on the decline and increasing the tax can cause this decline to accelerate faster

User Fees

- ▶ If required, how would it be enforced
- ▶ Membership
- ▶ Friends of Trail/ Trail Town Program
 - ▶ Opportunity to partner with tourism and local businesses
- ▶ Seems to be better suited for maintenance then development

Potential Trail Funding Strategies

- ▶ Railbanking
- ▶ Bonds
- ▶ Strategically Partnering with Other Interests
- ▶ Focusing Existing Funding
- ▶ Match Requirements

Railbanking

- ▶ Corridor owned in Fee, Easement, Unknown or COMBINATION
- ▶ If not railbanked, line is broken up and hard to get back together
- ▶ Railbanking is a HUGE cost (& time) savings measure for land acquisition
- ▶ Railbanking can help defray design, planning, & engineering costs
- ▶ Railbanking can help with perfecting ownership of corridor
- ▶ Not fully utilized by locals for a variety of reasons
- ▶ Some states have right of first refusal such for railbanking
- ▶ State can help take lead on these projects as they have less hurdles and sometimes better negotiating power than local trail developers

Bonds



Strategically Partnering with Other Interests

- ▶ Idea that projects are stronger united then divided
- ▶ Best if going after large sums of monies such as Real Estate Tranfer or Sin Tax
- ▶ Can make new taxes more palatable to public
- ▶ Other interests will help with legwork of getting it passed
- ▶ Currently, Indiana Conservation Alliance is looking into this strategy

Focusing Existing Funding

- ▶ \$22 million in Transportation Alternatives administered by INDOT and MPOs
- ▶ Roughly \$800k in RTP fund available for non-motorized trails administered by DNR
- ▶ Unknown number of CMAQ monies, but only available in certain areas
- ▶ Many other funds Regional Cities, Tourism, LWCF, BHCT, etc,
- ▶ Currently funding is more spread out
- ▶ A more focused effort by those who administered these funds will allow us to consistently widdle away big projects for a more meaningful impact
- ▶ This strategy is currently being used in Michigan and New York
- ▶ Would be more of an executive directive

Match Requirements

- ▶ % of match must be private money similar to Regional Cities
 - ▶ This helps leverage private funds
 - ▶ Unfortunately some communities have no access to private funds
 - ▶ May inspire some private organizations to think more regionally
- ▶ Bond match so it can be utilized for maintenance later
 - ▶ This requires trail developer to think about long-term of trail
 - ▶ Money can't be taken for another use
 - ▶ Less money to use for development
- ▶ Allow In-kind or soft match
 - ▶ Volunteer hours, land donations or easements, can be very useful to whole trail project even if it's not money

Potential Funding Sources

- ▶ Rank
- ▶ Discussion
- ▶ Vote